GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1407
ANSWERED ON:02.03.2001
FOREIGN FIRMS JOINT VENTURE
NARESH KUMAR PUGLIA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government propose to scrap the `no objection` clause contained in Press Note 18, issued on December 14, 1998 regarding foreign firms joint venture in India, on the recommendations of the core group of the Foreign Investment Promotion Board;

(b) if so, the details thereof;

(c) the reasons therefor; and

(d) the steps proposed to be taken by the Government to protect the Indian markets from unfair access by the foreign investors?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(DR. RAMAN SINGH)

(a) : No, Sir.

(b) & (c) : Do not arise.

(d) : While considering FDI proposals, a declaration is obtained from the applicant whether the foreign collaborator has any previous joint venture or technology transfer/trademark agreement in the same or allied field in India, the detailed circumstances in which it is considered necessary to set up a new joint venture or wholly owned subsidiary and that the new venture would not in any way jeopardise the interest of the existing joint venture or partner.

The automatic route is not available for acquisition of existing equity in Indian companies. While considering proposals for such acquisition of equity, a board resolution of the Indian company is insisted upon.